

# Recovery of Costs for Conservation Program Contracts (CPCs)

## Tennessee - September 2006

Cost recovery policy is found in Part 512.57-58 of Conservation Program Contracting (440-V-CPM, Amendment 30, August 2005). Recovery costs include a refund of financial assistance (cost-share obligations) and technical assistance (liquidated damages). In addition to any cost-share repayment, a participant may be assessed liquidated damages up to 20 percent of the total cost-share funds obligated to the contract when it was developed (NOTE: technical assistance funds for TSPs are not considered part of the financial obligation). **Contracts written prior to 2003 will not be assessed liquidated damages. WHIP contracts will not be assessed liquidated damages** because there are no regulatory or Appendix provisions to do so. Contracts cancelled in the same fiscal year they are developed will not be assessed liquidated damages if the contract is cancelled before August 1. **NRCS will not pursue recovery costs and/or penalties for an amount less than \$500.** The table below is to be used to assess recovery costs.

NAME: \_\_\_\_\_ CONTRACT NUMBER: \_\_\_\_\_

CPC Total Cost-share Obligation: \_\_\_\_\_ Previously-paid Cost-share Amount: \_\_\_\_\_\*

Liquidated damages (if applicable): \_\_\_\_\_ Recommended Cost Recovery Amount: \_\_\_\_\_

	Year of Contract	1 <sup>st</sup> Year	2 <sup>nd</sup> Year	3 <sup>rd</sup> Year	4 <sup>th</sup> +Year
	Maximum Liquidated Damages Assessment (%)	7.5%	15.0%	18.0%	20.0%
	Situation	A	B	C	D
1	Practice in the contract is not feasible or not needed for the resource situation	0	0	0	0
2	Clear documentation of unavoidable and unforeseen problems that have transpired since the contract was approved	0	0	0	0
3	Personal hardship of one or more participants is clearly documented	0	0	0	0
4	NRCS employee errors	0	0	0	0
5	Person wants to cancel contract to enroll in an easement program (WRP, FRPP or GRP)	0	0	0	0
6	Participant's involuntary loss of control of land (bankruptcy)	0	0	0	0
7	Hardship beyond the participant's control has prevented compliance, such as increased costs and/or other similar miscellaneous factors	0	0	0	0
8	Good faith effort made by participant to comply	0	0	0	0
9	Missing or incorrect signatures on CCC-1200 and/or CCC-1200 Appendix	0	0	0	0
10	Participant voluntarily requests cancellation of contract, but no supporting documentation is provided	7.5%	15.0%	18.0%	20.0%
11	Personal hardship situation of one or more participants is mentioned, but strong and clear documentation is not provided	3.8%	7.5%	9.0%	10.0%
12	Person wants to cancel contract to switch to another program with environmental benefits equal or greater, such as CRP, CSP and/or other state and federal programs(if practices are no longer needed, they will be deleted)	3.8%	7.5%	9.0%	10.0%
13	Termination is due to non-compliance with contract provisions	7.5%	15.0%	18.0%	20.0%
14	Practices installed with cost share have not been maintained or have been destroyed by participant	7.5%	15.0%	18.0%	20.0%
15	Termination is due to fraud, scheme or device	20.0%	20.0%	20.0%	20.0%
16	Participant voluntarily loses control of land and there is no successor-in-interest	7.5%	15.0%	18.0%	20.0%

\*Interest applies to repayment of cost-share funds previously paid to the participant (does not apply to liquidated damages or repayments waived by the State Conservationist).

Recommended by: \_\_\_\_\_ (District Conservationist) Date: \_\_\_\_\_

Approved by: \_\_\_\_\_ (Area Conservationist) Date: \_\_\_\_\_